

GOVERNMENT CODE

TITLE 9. PUBLIC SECURITIES

SUBTITLE J. SPECIFIC AUTHORITY FOR MUNICIPALITIES TO ISSUE
SECURITIES

CHAPTER 1507. OBLIGATIONS RELATING TO MUNICIPAL DEBT AND EXPENSES

SUBCHAPTER A. BONDS FOR PAYMENT OF JUDGMENTS

Sec. 1507.001. AUTHORITY TO ISSUE BONDS. A municipality may issue, sell, and deliver bonds in an amount sufficient to pay a final judgment of a court, plus the interest and the costs and expenses connected with the judgment, if:

(1) the judgment is against the municipality or the payment of the judgment is the legal responsibility of the municipality;

(2) the judgment awards the plaintiff an amount in cash; and

(3) the municipality does not have money available to pay the amount of the judgment plus the interest and the cost and expenses connected with the judgment or decree.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1507.002. ELECTION. (a) A municipality may not issue bonds under this subchapter unless the bonds are authorized by a majority vote of the qualified voters of the municipality voting at an election held for that purpose.

(b) A municipality shall hold an election to issue bonds under this subchapter in the manner provided for other bond elections in the municipality.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1507.003. MATURITY. A bond issued under this subchapter must mature not later than 40 years after its date.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

SUBCHAPTER B. REFUNDING OF REFUNDING BONDS ISSUED UNDER BANKRUPTCY
PLAN

Sec. 1507.051. AUTHORITY TO ISSUE REFUNDING BONDS. (a) The governing body of a municipality by ordinance may issue refunding bonds in accordance with Subchapters A and D, Chapter 1207, to refund outstanding refunding bonds if:

(1) the bonds to be refunded were issued under a plan for the adjustment of the municipality's debts confirmed by a bankruptcy court under Title 11, United States Code; and

(2) the bonds do not mature in annual installments.

(b) The governing body of a municipality that issues bonds under this subchapter to refund revenue bonds may secure the bonds issued under this subchapter by a deed of trust on the municipality's utility system or by a pledge of the net revenue of the system if the bonds being refunded provide for that pledge.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1507.052. SALE OF BONDS. (a) Instead of exchanging refunding bonds issued under this subchapter for the bonds being refunded, a municipality may, at any time after calling the bonds being refunded for redemption in the manner provided in those bonds, sell the refunding bonds or the unexchanged portion of the refunding bonds.

(b) The municipality shall deposit the principal amount received from the sale of the refunding bonds, and the additional amount necessary to pay the interest to the call date, with the bank at which the bonds being refunded are payable.

(c) The municipality shall send to the comptroller a certified copy of the ordinance authorizing the refunding bonds. The comptroller shall register the refunding bonds without the cancellation of the bonds being refunded and shall deliver the refunding bonds as provided in the ordinance.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1507.053. SIGNATURES. A bond issued under this subchapter must be signed by the mayor of the municipality and the secretary or clerk of the municipality.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1507.054. APPLICABILITY OF MUNICIPAL CHARTER. A provision of a municipal charter relating to the terms, issuance, sale, or delivery of bonds does not apply to a bond issued under this subchapter.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

SUBCHAPTER C. REFUNDING OF REFUNDING BONDS ADJUDICATED AS VALID OR
ISSUED UNDER BANKRUPTCY PLAN

Sec. 1507.101. AUTHORITY TO ISSUE REFUNDING BONDS. The governing body of a municipality by ordinance may issue refunding bonds in accordance with Subchapters A and D, Chapter 1207, to refund outstanding refunding bonds:

(1) that:

(A) a federal court by decree adjudicated to be valid; or

(B) were issued under a plan for the adjustment of the municipality's debts confirmed by a bankruptcy court under Title 11, United States Code; and

(2) that were issued under the authority of an ordinance specifying a minimum fixed tax rate to be imposed in each year during which any of those bonds or interest on those bonds is outstanding.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1507.102. SALE OF BONDS. (a) Instead of exchanging refunding bonds issued under this subchapter for the bonds being refunded, a municipality may sell the refunding bonds or the unexchanged portion of the refunding bonds.

(b) The municipality shall deposit the principal amount received from the sale of the refunding bonds, and the additional amount necessary to pay the interest to the call date or maturity dates, with the bank at which the original refunding bonds are payable.

(c) The municipality shall send to the comptroller a certified copy of the ordinance authorizing the refunding bonds.

The comptroller shall register the refunding bonds without the cancellation of the bonds being refunded and shall deliver the refunding bonds as provided in the ordinance.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1507.103. SIGNATURES. A bond issued under this subchapter must be signed by the mayor of the municipality and the secretary or clerk of the municipality.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1507.104. APPLICABILITY OF MUNICIPAL CHARTER. A provision of a municipal charter relating to the terms, issuance, sale, or delivery of bonds does not apply to a bond issued under this subchapter.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

SUBCHAPTER D. TAX BONDS FOR PAYMENT OF CURRENT EXPENSES

Sec. 1507.151. AUTHORITY TO ISSUE BONDS. (a) The governing body of a municipality by ordinance may issue bonds secured by and payable from ad valorem taxes to provide for the payment of all or part of the municipality's current expenses for a fiscal year if:

(1) in that fiscal year the municipality has lost or is likely to lose an amount that is:

(A) more than \$15 million; and

(B) more than 15 percent of the municipality's budget for the fiscal year, not including the amount necessary for debt service; and

(2) the loss or potential loss is the result of a person who received municipal funds seeking or acceding to protection under Title 11, United States Code.

(b) A determination by the municipality's governing body that a loss has occurred or is likely to occur, or of the amount of a loss or anticipated loss, is conclusive.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1507.152. PLEDGE OF TAX. The governing body may pledge

to the payment of the bonds issued under this subchapter an ad valorem tax sufficient to pay when due the principal of and interest on the bonds.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1507.153. ELECTION. The governing body of a municipality may issue bonds under this subchapter without an election.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1507.154. LIMITATION. A municipality may not issue bonds under this subchapter in a principal amount that:

(1) exceeds the amount of loss sustained or anticipated by the municipality and the cost of issuing the bonds; or

(2) would result in the outstanding aggregate principal amount of tax bond indebtedness of the municipality exceeding 10 percent of the assessed valuation of taxable property in the municipality according to the most recent ad valorem tax roll of the municipality.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1507.155. MATURITY. Bonds issued under this subchapter must mature not later than five years after their date of issuance as provided by the ordinance authorizing the issuance and sale of the bonds.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1507.156. SALE OF BONDS. A municipality may sell bonds issued under this subchapter at a public or private sale as provided by the ordinance authorizing the issuance and sale of the bonds.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1507.157. NO WAIVER OF CLAIMS. (a) A municipality's action under this subchapter does not affect or abrogate any claim the municipality may have with respect to a loss described by Section [1507.151](#).

(b) A municipality that issues bonds under this subchapter:

- (1) does not waive any claim of the municipality;
- (2) is not estopped from recovering on a claim of the municipality; and
- (3) does not ratify any prior action by the municipality in connection with the loss.

(c) A municipality may reserve any claim the municipality may have in its action authorizing the bonds.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1507.158. REDEMPTION OF BONDS. After the recovery of a loss described by Section 1507.151 or the failure of an anticipated loss described by Section 1507.151 to occur, the governing body shall promptly redeem bonds issued to cover the loss or anticipated loss in a principal amount equal to the amount recovered or the amount of anticipated loss that did not occur.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1507.159. CONFLICT WITH MUNICIPAL CHARTER. To the extent of a conflict between this subchapter and a municipal charter, this subchapter controls.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1507.160. CONSTRUCTION. This subchapter shall be liberally construed to achieve the legislative intent and purposes of this subchapter. A power granted by this subchapter shall be broadly interpreted to achieve that intent and those purposes.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

SUBCHAPTER E. NOTES TO FUND OR REFUND GENERAL OPERATING EXPENSES IN MUNICIPALITIES WITH A POPULATION OF 35,000 TO 45,000

Sec. 1507.201. APPLICABILITY OF SUBCHAPTER. This subchapter applies only to a home-rule or special-law municipality with a population of 35,000 to 45,000.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1507.202. AUTHORITY TO ISSUE NOTES. A municipality may issue notes to fund or refund outstanding warrants that were drawn against the municipality's general fund for general operating expenses and issued during the calendar year preceding the calendar year in which the notes are issued.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1507.203. ELECTION. (a) Before a municipality may issue notes under this subchapter, the governing body of the municipality shall order an election on the question of authorizing the governing body to issue the notes.

(b) The governing body shall hold, give notice of, and declare the results of an election under this section in the manner provided by general law for bond elections in the municipality.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1507.204. AUTHORITY TO PASS ORDINANCES AND RESOLUTIONS. If the issuance of the notes is authorized at the election, the governing body of the municipality may pass ordinances and resolutions for the issuance of the notes.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1507.205. MATURITY. A note issued under this subchapter must mature not later than 10 years after its date.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1507.206. PLEDGE. A municipality may pledge the full faith and credit of the municipality to the payment of a note issued under this subchapter and the interest on the note.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1507.207. PAYMENT OF WARRANTS WHILE NOTES ARE OUTSTANDING. If a warrant is drawn against the municipality's general fund during a calendar year in which a note issued under this subchapter is outstanding, the municipality shall pay the warrant from current funds appropriated for the purpose for which the warrant is drawn. The municipality may not fund or refund the

warrant.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

SUBCHAPTER F. BONDS FOR PAYMENT OF CURRENT EXPENSES IN
MUNICIPALITIES WITH A POPULATION OF 161,000 OR MORE

Sec. 1507.251. APPLICABILITY OF SUBCHAPTER. This subchapter applies only to a municipality with a population of 161,000 or more.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1507.252. AUTHORITY TO ISSUE WARRANTS OR NOTES. (a) The governing body of a municipality may issue warrants or notes drawn against the current revenues of the municipality for the fiscal year to:

(1) provide for the payment of the municipality's expenses for the fiscal year in which the warrants or notes are issued or for any portion of that fiscal year; or

(2) refund the principal of and interest on warrants and notes issued under this subchapter.

(b) Warrants and notes issued under this subchapter must be dated and numbered consecutively as issued.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1507.253. PLEDGE OF REVENUE; PAYMENT. (a) A warrant or note issued under this subchapter is a lien on:

(1) the revenue of the municipality for the fiscal year during which the warrant or note is issued that is available for payment of the warrant or note; or

(2) a designated portion of that revenue.

(b) A municipality shall pay a warrant or note:

(1) consecutively according to its respective date and number as money for payment becomes available; or

(2) on a date during the fiscal year on which, in the estimate of the governing body, sufficient revenue will be available for payment of the warrant or note.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1507.254. LIMITATION ON AMOUNT OF WARRANTS AND NOTES ISSUED. (a) The governing body may not issue warrants or notes under this subchapter in an amount exceeding 80 percent of the difference between:

(1) the estimated revenue of the municipality for the fiscal year; and

(2) the sum of:

(A) the interest on the bonded indebtedness of the municipality to be paid from that revenue; and

(B) any amount that the municipality is required to pay from that revenue into a sinking fund, special fund, or special trust fund of the municipality.

(b) The limitation prescribed by Subsection (a) does not apply to warrants or notes issued for refunding purposes.

(c) The aggregate principal amount of warrants or notes issued under this subchapter and outstanding at any time in a fiscal year may not exceed the greatest amount by which the proposed expenditures for the fiscal year are estimated by the governing body to exceed the estimated revenue available for payment of warrants and notes during the fiscal year, as computed under Subsection (a).

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1507.255. SALE OF WARRANTS OR NOTES. A municipality may sell warrants or notes issued under this subchapter at a public or private sale as provided in the ordinance authorizing the issuance and sale of the warrants or notes.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.